

EXHIBIT C

Damages

Stambaugh Air Service vs Susquehanna Area Regional Airport Authority

Background

Basis. Stambaugh Air Service Inc occupied hangar space at Harrisburg International Airport from 1973 through 2003. The business occupied Building 28, which was hangar space and shop and office space. It also occupied Hangar 133 and Hangar 134.

Between 1973 and 1988 the business of the company was primarily focused on military contracts. The principle contracts were with the Navy and were composed of "Standard Depot Level Maintenance" on various aircraft models in the Naval Aviation training fleets.

In 1988 the company shifted its focus to repair and maintenance of civil commercial aircraft, and by 1990 the company was uniformly in the civil aviation business.

The internal structure of the company depended upon leadmen, each of whom had an assigned crew. While the majority of the crews were assigned to metal work, fuselage and flight surface repairs, there were a number of leadmen and crews assigned to a flexible schedule that allowed them to provide ground handling and ground services to based and transient customers.

This section of the company provided all Fixed Base Operator (FBO) services described in the FAA Circulars with the exception of flight instruction and air charter. The company provided hangar space, tie down, fuel, oil, maintenance, and aircraft sales.

The nature of the aviation market at Harrisburg International Airport militated against the existence of a "full time" FBO. Transient flights, transient fuel sales and ramp parking were sporadic. The majority of the scheduled carriers provided their own fuel, limiting the FBO involvement to upload, ground handling and maintenance. Some cargo carriers also provided their own fuel. So for cargo, ground handling as well as cargo management services were made available.

Over the course of two decades, the services provided by Stambaugh changed because the passenger and cargo flights changed. Some carriers increased their flights and began to provide their own ground service. During the same time period, some carrier flights

decreased and the Stambaugh services were necessary but diminished. However, the common element that Stambaugh provided on the field was "on call" maintenance. Stambaugh, until the day that it left HIA, was the sole source for the on call maintenance provided by licensed mechanics that is required by scheduled air carriers in order to comply with FAA requirements. No FBO serving HIA after Stambaugh, had the qualified and licensed personnel to provide on call maintenance to the heavy jets that composed the majority of the flights into and out of HIA.

In the third term of the Stambaugh Lease, the airport asked Stambaugh to provide a dedicated FBO office. That office was created in Building 134 because it was the only leasehold space adaptable for an FBO office. Stambaugh then initiated a series of requests for locations on the airport on which to build or purchase an FBO office. It requested construction areas located west of Building 134. This request was denied by SARAA. It attempted to purchase the AMP hangar. However, SARAA refused to extend the ground lease and ultimately purchased that hangar itself. Finally, it requested controlled ramp access to FBO Customers utilizing the FBO facility in Building 134. This also was denied.

Damages

The question before the Court will be how was the business of Stambaugh damaged by SARAA's termination of its FBO authority and its failure to allow the company to continue business at HIA.

The description of this damage must be viewed in a "cascade analysis "

First the denial of the continuation of FBO rights had two effects. First, the company lost the gross income from that service and second, the company was denied a location that would have survived the terminal expansion. That relocation, on the airport would have allowed the company to continue its FBO services into the future and the argument is that the company's structure was the sole corporate profile that could have made money at HIA.

Relating to the description of the corporate structure contained above in "Background," Stambaugh was the only tenant at the airport which did not have to have personnel solely

dedicated to FBO services. The FBO service and the heavy aircraft services were married in that the company management cross trained employees to perform both FBO and Maintenance services and, thereby, there was no lost productivity when there were no flights in HIA to be serviced by the FBO.

So fueling revenue was lost, and a permanent location at HIA was lost through the leasing of that location to another company. When SARAA made that decision, the cascade of damages began.

The loss of the revenue from fuel denied the company any fall back financial strength when the September 11, 2001 attacks affected aviation. That post 9/11 downturn forced the company to seek bankruptcy protection in June 2002. With the planned Airport expansion SARAA then terminated the company's ability to remain on the airport. In 2003 the company then incurred costs to move its operations to Georgia, because Stambaugh's was denied the AMP lease or purchase and had no other location on the airport.

On a secondary level, Stambaugh also lost the support and ground power work for the FBO customers. This work, which was composed of ground power, ground equipment and certain aviation repairs represented 10% to 12% of the company gross. The ground power shop occupied approximately 14,000 square feet of Building 28 and had licenses as a Pennsylvania Inspection Station.

1. Income from fuel sales was composed of two components. One was the "upload" fee charged to carriers which stocked their own fuel at HIA. The second was a true sale at retail. The labor component for the cost of sales for the fueling operation was integrated with the labor cost for the entire company.
2. Lost revenue has been extrapolated from the fuel figures supplied on the 27th of June, 2007. Those figures are expressed on the attached sheet.
3. The Gross Revenue Cost of Sales and Gross Profit is expressed on the attached sheet. The loss of Fuel Revenue only incrementally affected the Gross Profit because the labor was retained for other projects and the adjustments to Cost of Sales were a diminution in internal Ground Power costs plus Fuel Farm rental.
4. The difference in the gross sales for 2000 and 2001 and 2002 was: a. the termination of the right to sell fuel and b. the impact of 9/11. The average

5. difference in gross revenue is 1.09 million over the length of the normal lease plus extensions. This is the calculation of the lost revenue as well as the lost opportunity at HIA over a straight line reflecting the flat market trends at HIA.
 $1.09 \text{ million} \times 5 \text{ years} = 5.45 \text{ million}$ in lost revenue on sales of fuel over original and two 5 year extensions ($5.45 \times 3 = \$16,350,000$) \$16,350,000

6. In addition to the lost fuel sale revenue, the following costs were incurred in the termination of fuel sales.
 - a. Cost of rehabbing fuel farm within 6 months of termination of rights \$ 28,000
 - b. Cost of transferring fuel trucks to GA \$ 45,297
 - c. Cost of transferring Surface tanks \$ 3,182
 - d. Cost of scrapping fuel and ground handling Equipment (replacement cost minus salvage) \$ 143,000
 - e. Labor for Packing and Shipping (2000 hr) \$ 40,000

7. Loss of secondary maintenance work associated with lost fuel services. 12%
 Ground Power and aircraft: \$962,000
 - a. $\$962,000 \times 5 \text{ (Lease Term)} =$ \$ 4,810,000
 - b. Lease Extension of 10 years (2 term)
 $(\$4,810,000 \times 2 = \$9,620,000)$ \$ 9,200,000

8. The refusal to allow a lease of the AMP building or other Space at the airport on which to operate caused the Company to move its operations to Georgia facilities
 - a. Cost of managers lodgings for one year: ($\$875 \times 12 = \$10,200$) \$ 10,500
 - b. Per Diems and travel for relocated employees. \$ 141,463
 - c. Employee apartments ($\$2,956 \times 12 = \$35,481$) \$ 35,481
 - d. Furniture rental for relocation. \$ 5,621

9. Costs incurred in the filing of Bankruptcy.
 - a. Trustees Fees. \$ 30,250
 - b. Professional Fees \$ 53,386
 - c. Administrative Fees \$ 35,285

10 Costs incurred in the negotiations with SARAA for FBO and Building rights.	\$ 14,990
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Total Damages:	\$30,946,455
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In re: Stambaugh Aviation, Inc
Debtor

Case No. 1-02-03208
Reporting Period: January 1 thru March 31, 2004

STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	\$45,989	1,064,364
Less: Returns and Allowances		
Net Revenue	\$45,989	\$1,064,364
COST OF GOODS SOLD		
Beginning Inventory	129,382	129,382
Add: Purchases	468	69,954
Add: Cost of Labor	28,583	436,729
Add: Other Costs (attach schedule)		
Less: Ending Inventory	129,382	129,382
Cost of Goods Sold	\$29,051	\$506,683
Gross Profit	\$16,938	\$557,681
OPERATING EXPENSES		
Advertising		87
Auto and Truck Expense		2,221
Bad Debts		
Contributions		
Employee Benefits Programs	586	4,158
Insider Compensation*		
Insurance	820	21,139
Management Fees/Bonuses		
Office Expense	313	14,211
Pension & Profit-Sharing Plans		490
Repairs and Maintenance		46,680
Rent and Lease Expense	14,788	102,355
Salaries/Commissions/Fees	7,019	123,565
Supplies	31	10,215
Taxes - Payroll	5,303	50,759
Taxes - Real Estate		
Taxes - Other		638
Travel and Entertainment	2,865	70,496
Utilities	11,635	65,963
Other (attach schedule)	1,421	3,952
Total Operating Expenses Before Depreciation	\$44,781	\$516,929
Depreciation/Depletion/Amortization	2,750	19,275
Net Profit (Loss) Before Other Income & Expenses	(\$30,593)	\$21,477
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	3,468	39,280
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(\$34,061)	(\$17,803)
REORGANIZATION ITEMS		
Professional Fees		
U. S. Trustee Quarterly Fees		3,500
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$0	\$3,500
Income Taxes		
Net Profit (Loss)	(\$34,061)	(\$21,303)

*"Insider" is defined in 11 U.S.C. Section 101(31)

FORM MOR-2

(9/99)

STM04203

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

This schedule should be filed with the petition for the appointment of a Chapter 11 trustee. The beginning balance is the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PRELIMINARY" column should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported in this page. A bank reconciliation must be attached for each account. (See FORM IR-1 ATTACH.)

BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	DEBIT	CREDIT	PAYROLL	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH		9,478		23,346		42,308	
RECEIPTS							
CASH SALES						409,208	
ACCOUNTS RECEIVABLE		107,539		107,539		4,391,845	
LOANS AND ADVANCES						1,550	
SALE OF ASSETS		8,710		8,710		9,710	
OTHER (ATTACH LIST)		78,976		78,976		354,657	
TRANSFERS FROM DIP ACCTS		2,271	87,113	89,389		2,614,459	
TOTAL RECEIPTS		197,496	87,113	284,616		7,781,530	
DISBURSEMENTS							
NET PAYROLL			55,804	55,804		1,551,401	
PAYROLL TAXES			37,599	37,599		985,211	
SALES, USE, & OTHER TAXES						4,550	
INVENTORY PURCHASES		3,682		3,682		623,509	
SECURED RENTAL LEASES		18,953		18,953		620,958	
INSURANCE		24,228		24,228		501,043	
ADMINISTRATIVE						24,158	
SELLING						45,303	
OTHER (ATTACH LIST)		49,981		49,981		361,058	
OWNER DRAW *							
TRANSFERS TO DIP ACCTS		87,113	2,271	89,389		2,614,459	
PROFESSIONAL FEES		15,000		15,000		51,237	
U.S. TRUSTEE QUARTERLY FEES						26,750	
COURT COSTS							
TOTAL DISBURSEMENTS		198,077	95,584	293,761		7,510,537	
NET CASH FLOW		(579)	(8,556)	(9,145)		(29,107)	
RECEIPTS LESS DISBURSEMENTS							
CASH - END OF MONTH		7,899	6,302	14,201		14,201	

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	293,761
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	69,989
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	204,372

FORM NO. 1
(5-99)

Statement of Income Stambaugh Aviation 01/01/05 thru 12/31/05

Direct Cost of Sales

Accounts Payables & Utilities	590,587
Direct Labor & Taxes	1,893,730
Indirect Labor & Taxes	
Insurance/Workers Compensation	154,693
Employee Loans	1,878
Total Direct Costs of Sales	<u>\$ 2,870,888</u>

Indirect Cost of Sales:

Airport Rent	59,268
Other Costs	
Bank Payments	408,963
Uncollected/Bad Debt	
Total Indirect Costs to Sales	<u>468,231</u>
Total Costs of Sales	<u>\$ 3,439,119</u>

Gross Profit \$ 288,162

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2006 Data	January	February	March	April	May	June	July	August	September	October	November	December
Gross Payroll & Taxes	126,428	123,164	135,965	223,636	140,307	135,003	143,712	127,770	147,465	244,105	163,266	176,584
Rent	4,930	4,930	4,939	4,939	4,939	4,939	4,938	4,939	4,939	4,939	4,939	4,939
Insurance	8,486	9,610	48,128	9,083	9,339	28,689	8,941	28,231	7,486	6,310	9,774	11,626
Auto Totals	28,071	44,367	87,745	45,473	55,155	42,142	43,489	64,084	109,144	81,020	103,379	137,326
Per Diem/Travel/etc.	478	1,200	10,852	1,881	7,825	10,448	3,287	2,802	2,990	3,730	2,891	790
Bank Payments	40,413	17,868	17,855	34,807	38,589	35,973	36,573	34,915	38,445	30,185	37,410	37,910
Total Expenditures	298,846	201,148	368,484	318,830	260,234	257,277	240,941	261,751	311,598	378,289	321,659	369,175
Receivables Collected	175,879	160,995	803,422	41,783	64,544	449,631	69,733	279,276	371,954	562,039	135,862	512,152
Balance	(32,977)	59,847	436,938	(278,036)	(185,680)	182,354	(174,209)	17,525	60,346	183,750	(145,786)	142,977
Uncollected/Bad Debt												
Adjusted Balance	(32,977)	59,847	436,938	(278,036)	(185,680)	182,354	(174,209)	17,525	60,346	183,750	(145,786)	142,977
1st Quarter Balance												523,808
2nd Quarter Balance												(281,372)
3rd Quarter Balance												(93,377)
4th Quarter Balance												140,831
Uncollected/Bad Debt												
Total To Date Unbalanced												280,041

2005 Financial Statement

Gross Revenues	\$	1,928,100
Direct Cost of Revenues	\$	1,798,340
Indirect Costs of Revenues		
Bank	\$	385,000
Total Costs of Revenues	\$	2,183,340
Uncollected/Bad debt	\$	63,606
Gross Profit	\$	(319,048)
Loss before Other income	\$	(319,048)
Other Income		
Gain on involuntary Conversion of equipt	\$	-
Interest income	\$	-
Total Other Income	\$	-
Total Other income/Expense	\$	-
Net Loss	\$	(319,048)
Retained Earnings at the beinning of the year	\$	(1,349)
Retained Earnings at end of the year	\$	22,339

In re: Stambough's Air Service, Inc.
Debtor

Case No. 1:02-03207
Reporting Period: December 1 thru December 31, 2003

STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	Month	Cumulative Filing to Date
REVENUES		
Gross Revenues	\$48,782	4,883,750
Less: Returns and Allowances		
Net Revenue	\$48,782	\$4,883,750
COST OF GOODS SOLD		
Beginning Inventory	453,413	456,807
Add: Purchases	410	282,733
Add: Cost of Labor	2,793	1,809,707
Add: Other Costs (attach schedule)		
Less: Ending Inventory	453,413	453,413
Cost of Goods Sold	\$3,203	\$2,095,834
Gross Profit	\$45,579	\$2,787,916
OPERATING EXPENSES		
Advertising		1,177
Auto and Truck Expense		1,615
Bad Debts		
Contributions		
Employee Benefits Programs	866	113,458
Insider Compensation*		
Insurance	22,375	279,354
Management Fees/Bonuses		
Office Expense		11,292
Pension & Profit-Sharing Plans		
Repairs and Maintenance	201	112,670
Rent and Lease Expense		200,886
Salaries/Commissions/Fees	20,048	\$46,736
Supplies		21,545
Taxes - Payroll	1,953	220,272
Taxes - Real Estate		21,363
Taxes - Other		12,281
Travel and Entertainment		57,823
Utilities	1,735	105,640
Other (attach schedule)		9,933
Total Operating Expenses Before Depreciation	\$47,178	2,016,245
Depreciation/Depletion/Amortization	3,998	87,001
Net Profit (Loss) Before Other Income & Expenses	(\$5,597)	684,670
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	5,701	122,498
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(\$11,298)	562,172
REORGANIZATION ITEMS		
Professional Fees		38,386
U. S. Trustee Quarterly Fees		26,000
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		(1,000)
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$0	63,386
Income Taxes		
Net Profit (Loss)	(\$11,298)	\$498,786

* "Insider" is defined in 11 U.S.C. Section 101(31).

FORM 100R-2

(9/99)

STM04209

STATEMENT OF REVENUES AND EXPENSES

(In U.S. Dollars)

This statement of revenues and expenses is prepared in accordance with the same basis of accounting as that used to prepare the statement of income, expenses, assets and liabilities, regardless of whether such data is based on accrual or cash basis.

	Month	Cumulative Filing to Date
REVENUES		
Gross Revenues	\$18,579	1,036,954
Less: Returns and Allowances		
Net Revenue	\$18,579	\$1,036,954
COST OF GOODS SOLD		
Beginning Inventory	129,382	112,921
Add: Purchases	3,871	73,357
Add: Cost of Labor	5,429	413,575
Add: Other Costs (attach schedule)		
Less: Ending Inventory	129,382	129,382
Cost of Goods Sold	\$9,360	\$496,471
Gross Profit	\$9,279	\$546,483
OPERATING EXPENSES		
Advertising	33	129
Auto and Truck Expense		2,221
Bad Debts		
Contributions		
Employee Benefits Programs	979	4,551
Insider Compensation*		
Interest	1,127	21,620
Management Fees/Bonuses		
Office Expense	443	14,343
Pension & Profit-Sharing Plans		499
Repairs and Maintenance	191	46,871
Rent and Lease Expense		87,567
Salaries/Commissions/Fees	1,920	118,366
Supplies	1,558	11,742
Taxes - Payroll	1,897	47,354
Taxes - Real Estate		
Taxes - Other		638
Travel and Entertainment	943	68,574
Utilities	2,094	56,332
Other (attach schedule)	163	2,696
Total Operating Expenses Before Depreciation	\$11,642	\$483,799
Depreciation/Depletion/Amortization	1,950	18,475
Net Profit (Loss) Before Other Income & Expenses	(\$4,313)	\$44,213
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	1,735	37,547
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(\$6,048)	\$6,671
REORGANIZATION ITEMS		
Professional Fees		
U.S. Trustee Quarterly Fees		3,500
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$0	\$3,500
Income Taxes		
Net Profit (Loss)	(\$6,048)	\$3,171

*Insider is defined in 11 U.S.C. Section 101(31).

FORM 100-8-2

100-1

In re: Stanbrough's Air Service, Inc.
Debtor

Case No. 1:02-03207
Reporting Period December 1 thru December 31, 2002

STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	Month	Calendar Year
REVENUES		
Gross Revenues	\$392,901.00	2,939,582
Less: Returns and Allowances		
Net Revenue	\$392,901	\$2,939,582
COST OF GOODS SOLD		
Beginning Inventory	455,134	456,807
Add: Purchases	4,463	168,975
Add: Cost of Labor	143,105	1,152,511
Add: Other Costs (attach schedule)		
Less: Ending Inventory	453,413	453,413
Cost of Goods Sold	\$149,289	\$1,324,880
Gross Profit	\$243,612	\$1,614,702
OPERATING EXPENSES		
Advertising		469
Auto and Truck Expense		\$14
Bad Debts		
Contributions		
Employee Benefits Programs	9,121	71,994
Insider Compensation*		
Insurance	28,424	139,703
Management Fees/Bonuses		
Office Expense	925	6,870
Pension & Profit-Sharing Plans		
Repairs and Maintenance	8,265	36,126
Rent and Lease Expense		134,172
Salaries/Commissions/Fees	62,436	452,414
Supplies	2,595	13,147
Taxes - Payroll	13,872	107,623
Taxes - Real Estate		11,247
Taxes - Other	36	4,674
Travel and Entertainment	2,456	41,169
Utilities	9,783	54,995
Other (attach schedule)	500	6,348
Total Operating Expenses Before Depreciation	\$138,413	\$1,101,465
Depreciation/Depletion/Amortization	6,724	41,896
Net Profit (Loss) Before Other Income & Expenses	\$98,475	\$471,341
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	6,213	49,665
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	\$92,262	\$421,676
REORGANIZATION ITEMS		
Professional Fees		
U. S. Trustee Quarterly Fees	5,000	1,750
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$5,000	\$1,750
Income Taxes		
Net Profit (Loss)	\$87,262	\$419,926

* "Insider" is defined in 11 U.S.C. Section 101(31)

FORM 100-2

(9-99)

STM04211

Stambaugh Aviation, Inc.
Debtor

Case No. 1:02-03278
Reporting Period: December 1 thru December 31, 2002

STATEMENT OF OPERATIONS

(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

	Month	Cumulative YTD to Date
REVENUES		
Gross Revenues	\$41,350	\$282,518
Less: Returns and Allowances		
Net Revenue	\$41,350	\$282,518
COST OF GOODS SOLD		
Beginning Inventory	132,921	132,921
Add: Purchases	9,566	12,758
Add: Cost of Labor	9,392	66,588
Add: Other Costs (attach schedule)		
Less: Ending Inventory	132,921	132,921
Cost of Goods Sold	\$18,898	\$79,346
Gross Profit	\$22,452	\$203,172
OPERATING EXPENSES		
Advertising	240	1,129
Auto and Truck Expense		
Bad Debts		
Contributions		
Employee Benefits Programs	277	1,747
Insider Compensation*		
Insurance	590	3,910
Management Fees Bonuses		
Office Expense	446	2,881
Pension & Profit-Sharing Plans		490
Repairs and Maintenance	875	1,323
Rent and Lease Expense	4,929	27,438
Salaries Commissions Fees	1,277	61,719
Supplies	768	2,282
Taxes - Payroll	942	8,650
Taxes - Real Estate		
Taxes - Other		342
Travel and Entertainment	780	7,495
Utilities	1,926	5,135
(Other (attach schedule))		882
Total Operating Expenses Before Depreciation	\$13,059	\$125,423
Depreciation/Depletion/Amortization	992	6,944
Net Profit (Loss) Before Other Income & Expenses	\$8,401	\$70,805
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	2,757	14,869
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	\$5,644	\$55,936
REORGANIZATION ITEMS		
Professional Fees		
U. S. Trustee Quarterly Fees	500	750
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	\$500	\$750
Income Taxes		
Net Profit (Loss)	\$5,144	\$55,186

* Insider is defined in 11 U.S.C. Section 101(31)

FORM NOR-2

(9/92)

STM04212

Stambaugh's Air Service, Inc.
 Separate and Combined Income Statement
 For the Year Ended December 31, 2001

	Stambaugh's Air Service Inc.	Stambaugh's Aviation Inc.	M.J.S. Equipment Corp.	Eliminations	Combined
Sales	5,742,157	720,439		1,260,000	7,722,596
Cost of Sales	4,482,405	1,545,685	0	0	6,028,090
Gross Profit	1,259,752	(825,246)	0	1,260,000	1,694,506
General & Administrative Expenses	1,390,061	309,367	0	0	1,699,428
Income before Misc. Items	(130,309)	(1,134,613)	0	1,260,000	(4,922)
Misc. Items:					
Loan administration Costs		(4,842)			(4,842)
Gain on Sale of Fixed Asset		53,000			53,000
Rental Income					0
Net Income	(82,151)	(1,134,613)	0	1,260,000	43,236

Stambaugh's Air Service, Inc. and Affiliates (S Corporations)

Combined Financial Statements and Supplemental Material Year Ended December 31, 2000



Cooperation Collaboration Concentration Communication



BDO Seidman, LLP
Accountants and Consultants

Independent Auditors' Report

Stambaugh's Air Service, Inc.
Highspire, Pennsylvania

We have audited the accompanying combined balance sheet of Stambaugh's Air Service, Inc. and affiliates (S Corporations) as of December 31, 2000, and the related combined statements of operations and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Stambaugh's Air Service, Inc. and affiliates as of December 31, 2000, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDC Seidman, LLP

March 23, 2001, except for Note 5,
which is as of October 31, 2001.



Cooperation, Collaboration, Concentration, Communication


Stambaugh's Air Service, Inc. and Affiliates
(S Corporations)

Combined Statement of Operations and Retained Earnings

<i>Year ended December 31.</i>	2000
Revenues (Note 8)	\$ 11,944,438
Cost of revenues	10,146,747
Gross profit	1,797,691
General and administrative expenses	2,219,156
(Loss) before other income (expense)	(421,465)
Other income (expense)	
Gain on involuntary conversion of equipment	150,000
Interest income	177,680
Interest (expense) (Note 5)	(164,411)
Total other income (expense), net	163,269
Net (loss)	(258,196)
Retained earnings at beginning of year	3,479,670
Retained earnings at end of year	\$ 3,221,474

See accompanying notes to combined financial statements

Stambaugh's Air Service, Inc.
and Affiliates
(S Corporations)


Report on Combined Financial Statements
and Supplemental Material
Year Ended December 31, 1999

IBDO

BDO Seidman, LLP
Accountants and Consultants



BDO Seidman, LLP

Certified Public Accountants

1100 City Centre Drive, Suite 1000

Philadelphia, PA 19106-5500

Tel: 215 670-5500

Independent Auditors' Report

Stambaugh's Air Service, Inc.
Highspire, Pennsylvania

We have audited the accompanying combined balance sheet of Stambaugh's Air Service, Inc. and affiliates (S Corporations) as of December 31, 1999, and the related combined statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Stambaugh's Air Service, Inc. and affiliates as of December 31, 1999, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

BDO Seidman, LLP

March 9, 2000

Stambaugh's Air Service, Inc. and Affiliates (S Corporations)

Combined Statement of Income and Retained Earnings

<i>Year ended December 31.</i>	1999
Sales (Note 7)	\$ 10,832,155
Cost of sales	8,566,439
Gross profit	2,265,716
General and administrative expenses	2,008,992
Income before other income (expense)	256,724
Other income (expense)	
Rental income (Note 8)	6,374
Interest (expense), net of interest income of \$110,118 (Note 5)	(38,523)
Total other income (expense), net	(32,149)
Net income	224,575
Retained earnings at beginning of year	3,255,095
Retained earnings at end of year	\$ 3,479,670

See accompanying notes to combined financial statements

Stambaugh's Air Service, Inc.
and Affiliates
(S Corporations)

Report on Combined Financial Statements
and Supplemental Material
Year Ended December 31, 1998



BDO Seidman, LLP
Accountants and Consultants

Independent Auditors' Report

Stambaugh's Air Service, Inc.
Highspire, Pennsylvania

We have audited the accompanying combined balance sheet of Stambaugh's Air Service, Inc. and affiliates (S Corporations) as of December 31, 1998, and the related combined statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Stambaugh's Air Service, Inc. and affiliates as of December 31, 1998, and the combined results of their operations and their combined cash flows for the year then ended in conformity with generally accepted accounting principles.

BDO Seidman, LLP

March 5, 1999

Stambaugh's Air Service, Inc. and Affiliates
(S Corporations)

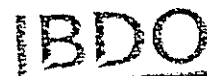
Combined Statement of Income and Retained Earnings

<i>Year ended December 31,</i>	<i>1998</i>
Sales (Note 8)	\$ 11,890,248
Cost of sales	10,238,156
Gross profit	1,652,092
General and administrative expenses	1,474,172
Income before other income	177,920
Other income	
Rental income (Note 10)	9,300
Interest income, net of interest expense of \$101,280	22,732
Total other income	32,032
Net income	209,952
Retained earnings at beginning of year	3,045,143
Retained earnings at end of year	\$ 3,255,095

See accompanying notes to combined financial statements.

**Stambaugh's Air Service, Inc.
and Affiliates
(S Corporations)**

**Report on Combined Financial Statements
and Supplemental Material**
Year Ended December 31, 1997



BDO Seidman, LLP
Accountants and Consultants



BDO Seidman, LLP
Accountants and Consultants

400 Market Street
Philadelphia, Pennsylvania 19106
Tel: 215-381-2400
Fax: 215-381-2401

Independent Auditors' Report

Stambaugh's Air Service, Inc.
Highspire, Pennsylvania

We have audited the accompanying combined balance sheet of Stambaugh's Air Service, Inc. and affiliates (S Corporations), as of December 31, 1997, and the related combined statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Stambaugh's Air Service, Inc. and affiliates, as of December 31, 1997, and the combined results of their operations and their combined cash flows for the year then ended, in conformity with generally accepted accounting principles.

BDO Seidman, LLP

February 26, 1998

Stambaugh's Air Service, Inc. and Affiliates (S Corporations)

Combined Statement of Income and Retained Earnings

<i>Year ended December 31,</i>	1997
Sales (Note 8)	\$ 13,771,649
Cost of sales	11,936,611
Gross profit	1,835,038
General and administrative expenses	1,978,718
(Loss) before other income (expense)	(143,680)
Other income (expense)	
Rental income (Note 10)	10,136
Interest income, net of interest expense of \$117,195	176,151
Total other income	186,287
Net income	42,607
Retained earnings, beginning of year	3,002,536
Retained earnings, end of year	\$ 3,045,143

See accompanying notes to combined financial statements.

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Conclusion: The results of this study suggest that the use of a single, standardized, and validated questionnaire is a feasible and reliable method for assessing the prevalence of mental health problems in a community sample. The results also suggest that the prevalence of mental health problems is higher in the community than in the clinical sample, and that the prevalence of mental health problems is higher in the community than in the clinical sample.

[illegible]

MONTHLY AIRPORT DATA											
PASSENGER TOTAL											
Month	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03
Jan-03	13,064	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Feb-03	14,848	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Mar-03	17,551	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Apr-03	21,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
May-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Jun-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Jul-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Aug-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Sep-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Oct-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Nov-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Dec-03	22,104	10,147	13,677	9,282	6,184	9,771	9,371	9,713	8,882	9,337	13,781
Grand Total	311,748	311,748	311,748	311,748	311,748	311,748	311,748	311,748	311,748	311,748	311,748

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Harrisburg, PA 17110

FACSIMILE TRANSMITTAL PAGE

TO: Mark R. Stambaugh, Sr.

FAX: (717) 939-0401

FROM: Jordan D. Cunningham Esquire

DATE: June 28, 2007

RE: *Stambaugh Air Services v. SARA, et al*
Our File No. 424405

Total number of pages in this transmittal, including cover sheet: ____

MESSAGE:

NOTE: IF YOU DO NOT RECEIVE ALL OF THE PAGES OR ANY PAGES ARE UNCLEAR, PLEASE CALL ANGELA HENWITT AT 717 238-6570 AS SOON AS POSSIBLE.

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED AND CONFIDENTIAL. IF YOU ARE NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE. THANK YOU.

NOTES

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Loss from Derivative Fuel Rights											
Gross Revenue	13771648	11880748	10832155	11944438	7722591	4659132	8624253	1950673	1928100	3727280	
Cost of Sales	11936911	10238158	8588439	10146747	6028090	3405527	8651926	1608186	1798340	2970889	
Gross Profit	1835038	1652092	2265716	2219766	1694506	1153605	27373	342807	129670	756391	
Income From Fuel											
Sig Passenger Less United											
Gallon x .05	7273169	6500560	5345505	6284035	7053310	8422808	7177921				
Sig Cargo less UPS	363650	325029	287278	314231	397865	421130	358896				
Gallon x .05	2437838	1884541	2089804	2873872	2197373	1035899	1894485				
Non-Sig Jet A	121861	89227	134700	133803	107888	86707	89724				
Gallon x .45	1568976	1352428	1325540	1274604	1404863	1074207	1009221				
Non-Sig Av Gas	702384	608592	586493	573571	632188	483393	484640				
Gallon x 1.20	87018	63923	45784	33626	27260	27839	23400				
	81441	76707	54840	38151	32736	33406	28080				
Total Fuel Revenue Loss	1,289,075	1,109,555	1,053,501	1,080,646	1,170,457	1,024,726	881,346				
Expenses for Moving											
Equipment Moved from Airport										3182	
Equipment Moved to Georgia										45297	
Labor for Packing and Shipping										40000	